

Request for City Council Action

Date: September 16, 2003

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee
Refer to: MCDA Board of Commissioners

Prepared by Judy Cedar, Phone 612-673-5025

Approved by Lee Sheehy, MCDA Executive Director
Chuck Lutz, MCDA Deputy Executive Director _____

Subject: Modification Number 97 to the Common Development and Redevelopment and Common Tax Increment Finance Plan

Previous Directives: City Council approved the Commercial Corridor Program in February, 1999.

Ward: NA

Neighborhood Group Notification: NA

Consistency with *Building a City That Works*: Consistent with Goal 3A: Support strong and diverse neighborhoods where people choose to live by supporting neighborhood retail services, commercial corridors and employment hubs.

Comprehensive Plan Compliance: This modification complies.

Zoning Code Compliance: NA

Impact on MCDA Budget: (Check those that apply)

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

Living Wage / Business Subsidy: NA

Job Linkage: NA

Affirmative Action Compliance: NA

City Council Recommendation: The Executive Director recommends the adoption of the attached resolution approving Modification No. 97 to the Common Development and Redevelopment and Common Tax Increment Finance Plan.

MCDA Board Recommendation: The Executive Director recommends the adoption of the attached resolution approving Modification No. 97 to the Common Development and Redevelopment and Common Tax Increment Finance Plan.

Modification No. 97 to the Common Development and Redevelopment and Common Tax Increment Finance Plan is an administrative modification intended to facilitate the auditing of tax increment activities. Modification No. 97 identifies expenditures related to the Commercial Corridors Revitalization Fund, specifically those allocated from the Common Project (tax increment) revenue. This modification is meant as a clarification to facilitate state auditing processes. Actual expenses are already provided for in the Tax Increment Projects and Commercial Corridors within the Common Project are eligible under this program.

Commercial corridor guidelines were established in 1999 to fund projects that benefit multiple businesses, including the development of parking, removal of blight, or assistance to an individual property if it has the potential to positively influence the surrounding commercial area. The use of common project tax increment funding, up to \$1,700,000, as a resource for the Commercial Corridor Program was approved in 1999.

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**Adopting Modification No 97 to the Common Development and
Redevelopment and Common Tax Increment Finance Plan**

RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS:

Section 1. Recitals.

- 1.1. Pursuant to Laws of Minnesota 1980, Chapter 595, as amended, and the Minneapolis Code of Ordinances, Chapter 422, as amended, the Housing and Redevelopment Authority in and for the City of Minneapolis has been reorganized, granted additional powers, and designated the Minneapolis Community Development Agency (the "Agency") with the authority to propose and implement redevelopment projects and tax increment financing ("TIF") districts, among other things, all pursuant to Minnesota Statutes, Sections 469.001 through 469.134, 469.174 through 469.179, as amended; and Laws of Minnesota 1971, Chapter 677 (collectively, the "Project Laws").
- 1.2. By Resolution No 89R-530 duly adopted December 15, 1989 and approved December 21, 1989, the City of Minneapolis has approved the creation by the Agency of the Common Development and Redevelopment Project (the "Common Project Area") and the adoption of the Common Development and Redevelopment Plan and the Common Tax Increment Financing Plan (the "Common Plans") relating thereto, all pursuant to the Project Laws.
- 1.3. The Agency has prepared, and this Council has investigated the facts with respect to, a proposed Modification No 97 to the Common Plans (the "Modification"), identifying expenditures related to the Commercial Corridors Revitalization Funds, specifically those allocated from Common Project (tax increment) revenue.
- 1.4. The Agency and the City have performed all actions required by law to be performed prior to the adoption of the Modification, including, but not limited to, a review of the proposed Modification by the Planning Commission, transmittal of the proposed Modifications to the Hennepin County Board of Commissioners and the School Board of Special School District No 1 for their review and comment, and the holding of a public hearing after published and mailed notice as required by law.

- 1.5. The Council hereby determines that it is necessary and in the best interests of the City at this time to approve the Modification to reflect the identification of expenditures related to the Commercial Corridors Revitalization Funds, specifically those allocated from Common Project (tax increment) revenue.

Section 2. Findings for the Adoption of the Modification.

- 2.1. The Council hereby finds, determines and declares that the proposed Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of the project by private enterprise.
- 2.2. The Council further finds that the Modification conforms to the general plan for the development of the City as a whole. Written comments of the Planning Commission with respect to the Modification were issued and are incorporated herein by reference, and are on file in the office of the City Clerk in the form of a petition.
- 2.3. The Council further finds that the actions herein conform with the "Guidelines for the allocation of MCDA Commercial Corridor Funds" adopted by the City Council on October 15, 1999.
- 2.4. The Council further finds, determines and declares that it is necessary and in the best interests of the City at this time to approve the Modification.

Section 3. Approval of the Modification

- 3.1. Based upon the findings set forth in Section 2, the Modification presented to the Council on this date is hereby approved and shall be placed on file in the office of the City Clerk.

Section 4. Implementation of the Modification.

- 4.1. The officers and staff of the City and the Agency, and the City's and the Agency's consultants and counsel, are authorized and directed to proceed with the implementation of the Modification, and for this purpose to negotiate, draft, prepare and present to this Council for its consideration, as appropriate, all further plans, resolutions, documents and contracts necessary for this purpose.

MINNEAPOLIS
COMMUNITY
DEVELOPMENT
AGENCY

Modification No. 97

to the

Common Development and
Redevelopment Plan

and

Common Tax Increment
Finance Plan

(Commercial Corridor Funding)

August 15, 2003

Prepared by the Project Planning and Finance Department
Minneapolis Community Development Agency

**MODIFICATION NO. 97 TO THE
COMMON DEVELOPMENT AND REDEVELOPMENT PLAN
AND
COMMON TAX INCREMENT FINANCING PLAN
August 15, 2003**

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(This Table of Contents is not part of Modification No. 97 to the Common Development and Redevelopment Plan and Common Tax Increment Financing Plan, and is only for convenience of reference.)

SECTION A. COMMON DEVELOPMENT AND REDEVELOPMENT PLAN

		<u>Impact of Mod. 97</u>
Subsection A.1.	Mission Statement	No Change
Subsection A.2.	Definitions	No Change
Subsection A.3.	Description of Public Purpose	No Change
Subsection A.4.	Objectives of Common Project	No Change
Subsection A.5.	Structuring of Common Project	No Change
Subsection A.6.	History of Establishment and Modifications of Projects and TIF Districts Included in Common Project Area	Changed
Subsection A.7.	Estimated Public Improvement Costs	Changed
Subsection A.8.	Boundaries of the Common Project Area	No Change
Subsection A.9.	Development Program Requirements	No Change
Subsection A.10.	Modifications to Common Development and Redevelopment Plan	No Change
Subsection A.11.	Neighborhood Revitalization Program	No Change

SECTION B. COMMON TAX INCREMENT FINANCING PLAN

Subsection B.1.	Summaries of Participating Tax Increment Financing Districts	No Change
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Subsection B.2.	Boundaries of Participating Tax Increment Financing Districts	No Change
Subsection B.3.	Statement of Objectives and Development Program, Including Property that may be Acquired	No Change
Subsection B.4.	Properties to be Deleted From Participating Tax Increment Financing Districts	No Change
Subsection B.5.	Development Activity in Common Project For Which Contracts Have Been Signed and Other Specific Development Expected to Occur	No Change
Subsection B.6.	Description of Financing	Changed
Subsection B.7.	Estimated Impact on Other Taxing Jurisdictions	No Change
Subsection B.8.	Modifications to Common Tax Increment Financing Plan	No Change

**MODIFICATION NO. 97 TO THE
COMMON DEVELOPMENT AND REDEVELOPMENT PLAN
(Commercial Corridor Funding)
August 15, 2003**

Introduction

The MCDA, in cooperation with the Commercial Corridor Revitalization Work Team, developed a set of guidelines for the allocation of \$1 million set aside for commercial corridor revitalization, through the Common Project Five Year Redevelopment Plan for the Commercial Corridors Program beginning in 1999. The guidelines were developed toward supporting projects that will benefit multiple businesses, including the development of parking, removal of blight, or assistance to an individual property if it has the potential to positively influence the surrounding commercial area. The guidelines also recommended that \$50,000 be allocated as a default reserve to loan funds from the Community Reinvestment Fund (CRF), and that, beginning in 2000, a sum of \$100,000 be used as the annual local match to support the Local Initiative Support Corporation's (LISC) Commercial Corridor Revitalization Program (CCRP).

Basis for Commercial Corridor Funding Initiative

Major demographic and market changes have affected the City's commercial areas. Loss of population and a relative decline in median income in many neighborhoods resulted in less buying power among residents. The growth of suburban malls and the trend towards large specialty and discount stores, coupled with increased reliance on the use of automobiles, have siphoned retail expenditures away from neighborhood commercial areas. One result of these changes is that many areas of the City have an oversupply of commercial space. The major challenges to addressing the City's commercial areas involve accommodating recent changes in the commercial marketplace by promoting the adaptive reuse of commercial buildings, ensuring a healthy mix of goods and services for City residents, and maintaining and improving compatibility with surrounding areas. Other key issues include preserving the urban and pedestrian character of our commercial areas, and balancing this with the need to provide off-street parking, and assisting smaller merchants and property owners to organize and jointly develop marketing, physical improvement and parking programs.¹

Rising attention to commercial corridors reflects today's growing interest in making central cities more effective cores of regional competitiveness. Such attention also represents a payoff from the Neighborhood Revitalization Program whose benefits include neighborhood residents looking more closely at how healthy commercial corridors can help neighborhoods.

Modification No. 97 to the Common Development and Redevelopment Plan and Common Tax Increment Finance Plan (the "Common Plans") identifies expenditures related to the Commercial Corridors Revitalization Funds, specifically those allocated from the Common Project (tax increment) revenue.

¹ "City of Minneapolis: Status Report of the Commercial Corridor Revitalization Work Team, September 1999"

By reference, Modification No. 97 is an Incorporated Document to the Common Plans.

SECTION A. MODIFICATION NO. 97 TO THE COMMON DEVELOPMENT AND REDEVELOPMENT PLAN

Subsection A. 6. History of Establishment and Modification of Underlying Project Areas and Tax Increment Financing Districts Included in Common Project Area - **Changed**

<i>Project/District</i>	<i>Plan Modification</i>	<i>Anticipated City Council Approval Date</i>	<i>Resolution Number</i>
Common Project	Mod. No. 97	September 12, 2003	2003R-

Subsection A.7. Estimated Public Improvement Costs – **Changed**

Eligible Public Improvements undertaken within designated Commercial Corridors within the Common Project	\$1,700,000
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SECTION B. MODIFICATION NO. 97 TO THE COMMON TAX INCREMENT FINANCE PLAN

Subsection B.6. Description of Financing - **Changed**

Tax increment revenues of the Common Project that are eligible for expenditure within the Common Project may be used to undertake tax increment eligible public improvements within designated commercial corridors located within the Common Project pursuant to the Agency's Commercial Corridor Program.

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